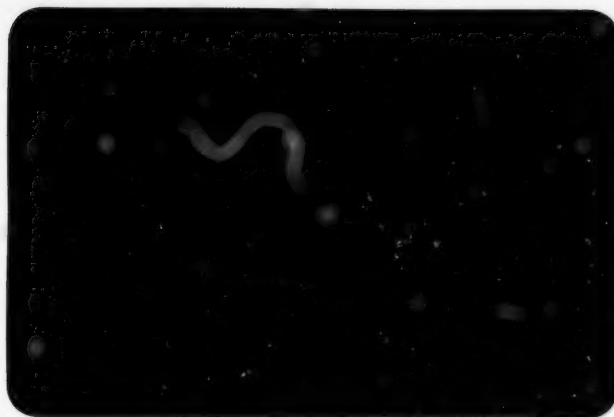




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CANADIAN PARTICIPATION - ANUGA '89
OCTOBER 14-19, 1989,
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"FRENCH VERSION AVAILABLE UPON REQUEST."

INTRODUCTION

West Germany is a lucrative market for food products, ranking number one among EC countries in population and consumer purchasing power. It is also one of the world's largest importers of food and agricultural products.

Major changes in eating habits have occurred during the past 30 years in West Germany. Greater purchasing power and large reserves of savings make this market one of the most attractive in the European Community. While West Germany is only about the size of New York & Pennsylvania States combined, its population of 61 million is 25% greater than the total population of the Northeastern United States.

German consumers favour branded products. They are quality-conscious and price-oriented buyers. Approximately 65-70% of consumers in the market report that they are dissatisfied with food items presently on retail shelves. Many are aware of product origin. More than 50% say that they would pay more for quality products. Retailers, therefore, are vigilant regarding the products they stock. "Country Week" national promotions are also becoming more popular as a result of these trends.

The West German retail market is becoming more consolidated, smaller stores are closing, larger ones are being built and selling more products. Five West German organizations accounted for 36% of total food turnover of \$26 billion (U.S.) in 1986. The ten top organizations account for 55% of total food turnover and account together for roughly 70 separately named food retail chains.

The highly developed and efficient distribution system in West Germany provides a broad selection of channels for marketing food products.

The German food trade believes that any exporter seriously interested in the West German or EC market should be an exhibitor in the ANUGA show, the world's largest food show.

ANUGA '89

ANUGA '89 attracted 5,819 exhibitors from more than 79 countries. Germany itself had 1790 exhibitors. The fair drew more than 240,000 trade visitors from 126 countries. This contrasts with ANUGA '87 which attracted 5,700 exhibiting firms and 228,000 trade visitors. Approximately 70% of the exhibitors were from abroad. In addition to trade promotion, marketing seminars and presentations were held during ANUGA.

Two EEC members, France and Italy, represented the largest exhibiting contingents. There were ten new national participants at ANUGA '89. Since the mid 1970's, the number of countries outside Europe sending visitors to the ANUGA has risen by more than 50% to 127. In 1987, the number of visitors from abroad rose by almost 20% to 60,000.

In 1987, 88% of the 228,000 trade visitors were engaged in a management function in their organization and more than 62% of all trade visitors come to Cologne with definite intentions to purchase or negotiate contracts. Contacts with new trading partners, maintaining existing business relationships and information about developments on the market were also high priority reasons for attending ANUGA.

ANUGA has an international food area, a catering, gastronomy and equipment section and a food retailing and food arts section.

ANUGA, therefore, represents each segment of the global & national food industries - importers, wholesalers, distributors, exporters, the catering trade, food & beverage processors, equipment supplies, trade associations & publications.

Canadian Participation

Canada had 28 exhibitors in ANUGA '89. It was the sixth Canadian participation since 1979. The display included a cross-section of the food sector with major commodities represented. There was a mix of medium & large - sized companies among the twenty-eight in our stand from across Canada. In addition to the Canadian exhibitors, between 900 and 1000 Canadian trade visitors were also in attendance at ANUGA '89, including representatives from major Canadian food journals.

Products featured on the stand included an interesting line of products such as "Wild Rice and Lasagna" and "Wild Rice and Pasta". The pasta is a gluten-free product. A Canadian bean brochure featuring a "naturally nutritious" theme was used. This has particularly strong appeal for consumers in the West German market. A nutmeg jam product attracted interest. A line of Sesame Crunch Bars designed for the EC market was exhibited. Pizzas featuring a "raised edge" crust, which bakes and tastes better, was exhibited and sampled. Cinnamon and lemon honey were also shown on the Canadian stand. A number of Canadian companies exhibited independently at ANUGA.

The Canada reception on October 16th was again one of the main show attractions. The Honourable John Crosbie, Minister of International Trade, visited the Canadian stand and met exhibitors. He later addressed those assembled on the importance of ANUGA to Canada's food trade.

NEXOS MISSION

The 20 member Nexos Mission, ("New Exporters OverSeas") which was sponsored by External Affairs and International Trade Canada in conjunction with ANUGA '89, was highly successful in its purpose of introducing Canadian food suppliers to the West German and EC markets.

The Nexos program included a departmental briefing, a marketing seminar featuring presentations by key representatives of the German food industry and visits to supermarkets to show Mission members the retail marketing of food products. The linking of the Nexos Mission to a large international trade show like the ANUGA was most effective. Nexos Mission members contacted trade visitors from more than sixteen countries. The Canadian dollar volume of business concluded by Nexos members totalled \$25 million (Cdn.).

TENGELMANN GROUP ANUGA PRESENTATION

The Tengelmann presentation provided information to Canadian exhibitors, Nexos Mission members and Government officials on the proposed 1990 "Canada Week" retail promotion.

The Tengelmann "Canada Week" in store promotion will encompass 64 stores in West Germany which have annual total sales of DM2 billion (\$1.2 billion Cdn). It is expected that 1.5 million West German consumers will visit the promotion. The promotion will expand sales of Canadian food & non-food products in West Germany. The promotion could assist Canadian companies in securing permanent representation in the EC market which is essential for long-term sales. The Department is cooperating closely with export agencies of all of the Canadian provinces. Interested Canadian companies should contact the Agri-Food Division in Ottawa for further details. The Department is providing financial support along with full marketing assistance.

RESULTS OF CANADIAN PARTICIPATION

Canadian exhibitors at ANUGA expressed satisfaction with the promotion. On-site sales amounted to \$7 million and Canadian sales for the next twelve month period accruing from ANUGA are estimated at \$77 million. Approximately 1,100 serious enquiries from 28 countries were processed or received during the six day promotion. More than 35 representatives were appointed or are being considered by Canadian exhibitors as a result of their participation. All ANUGA exhibitors advised that they wish to be considered for participation in the Canadian pavilion of ANUGA '91.

ANUGA is a meeting place for global exporters, importers and trade officials and is highly important to Canada's exporting community and for the continuance of Canada's export thrust in the EC market.

GENERAL OBSERVATIONS

Products Displayed

A list of the latest trends in product categories show that the trend towards natural, healthy and light diets has become of prime importance with many food producers.

Complete ranges of high protein products for a balanced diet were displayed. New to the European market are natural foods such as breakfast flakes made from quinoa cereals.

The range of soya has also grown, in keeping with these trends. Soya products, being purely vegetable, are generally regarded not only as wholesome, but an alternative for allergy sufferers. They contain no cholesterol, and can be eaten by people with high cholesterol levels.

The fast food and ready-to-cook product sectors displayed conveniently packed products for small families and singles as well as regular nutritional and sophisticated recipes and mixed dishes. Gourmet soups in

double portions, which keep their taste and freshness for five months, are just one example of quick sophistication. The newest product category - exclusive specialties for gourmards - was displayed with top quality and exotic produce. Meat products, produced according to biological standards, were on display.

Goats milk-based desserts, sea urchins and ginger-flavoured cheese were on display along with dried New Zealand kiwi fruit.

Other products displayed included organic olive oil from Spain, sous-vide vegetable dishes (cooked under vacuum). France has just introduced 20 different prepared vegetable and fruit products.

Exhibitors in the dairy produce sector exhibited the latest consumer food requirements under the motto "fit and light". Visitors were particularly interested in the new milk fitness drinks with even lower fat and calorie contents and margarines. Fresh cream and cream flakes, deep frozen, retain their excellent taste for several months.

OTHER NATIONAL PAVILIONS

Italy was the country with the highest number of firms followed by France, Spain, the Netherlands, Britain, the U.S.A. and Belgium. The foreign contingent represented about 70% of the show.

United States

The United States had the largest exhibit of a non-EC member country with approximately 250 exhibitors. ANUGA visitors saw an overview of U.S. foods and beverages covering a 2,000 square metre area. Products and presentation bore the slogan: "America is (s) T Qualitat" (America is/eats quality"). A separate U.S.A. Seafood exhibit demonstrated the wide selection of fish & seafood. The U.S.A. hall offered products, novelties and information to visitors from all segments of the import and retail trade. The U.S. display was so designed that the "continuous flow" configuration ensured that all visitors passed by all the exhibitors before exiting the display. The U.S. made good use of flags and overhead banners and curtaining to convey a quality image.

The diversity of food available from the United States led to the development of the "Eat & Drink American" campaign which is a unique venture jointly

supplemented by four regional American agricultural groups working through a Promotion Coordination Center located in Antwerp. The Center assists the food trade in Europe by offering a quality promotional package specifically designed to highlight a particular product or group in stores & supermarkets.

BRITAIN

Britain presented a record number of exhibitors - 108 stands representing over 150 companies covering all sectors of the food and drink industry. The British display was adjacent to the Canadian national exhibit, as was the case in Anuga '87.

A number of new products, some employing the latest in food packaging technology, and its extensive range of preserves, ethnic foods and breakfast cereals were exhibited. Latest "Doy Pouch" technology which enables producers to make sauces, in liquid form, that contain whole pieces of fruits and vegetables, and uses ingredients such as double cream, fresh herbs and aromatic spices were displayed. New ambient microwave meals with two separate compartments for the meat and rice or vegetables were displayed. Other products on the British stand included meat-free burgers, Indian meals, peanut butter made from organically grown peanuts, microwave cooking oils and long-shelf life soya milk.

ITALY

A total of 676 Italian suppliers participated in ANUGA '89.

Italian products at ANUGA included: all types of foods, wines, spirits, cheese, frozen foods, ready meals, fruit & vegetables, meat & sausages, pasta, confectionery and coffee. These were arranged according to main product groups, i.e. wine, cheese, pasta or sausage.

NEW ZEALAND

New Zealand, with a population of three million, produces a wide range of food & beverages, such as fresh and processed fruits & vegetables, cheeses, honey, wines, beer, dairy products, game, meat & seafoods. Therefore, the New Zealand stand was of particular interest to Canadian food suppliers.

It should be noted that 50% of New Zealand's export earnings are made up of food & beverage exports.

The New Zealand Court at ANUGA comprised 28 exhibitors from private sector companies to marketing boards and associations. This was of interest since the display encompassed approximately the same number of exhibitors as Canada. Three award-winning New Zealand chefs demonstrated hourly. Dishes displayed included beef, fish, goat, venison, lamb, mussels, offals, kiwi fruit, and vegetables.

The display was attractive, well-lighted and colour-coordinated. It enabled visitors to walk around it with ease.

AUSTRALIA

Food is Australia's biggest business, its processing industry accounts for 20% of manufacturing sales, employs 17% of the work force and earns over \$A 1,000 million in export income.

The Australian exhibit was located near the Canadian exhibit and featured 17 exhibitors. The display was close to the stairway/elevators which provided good access. The individual booth displays were most inviting owing to the judicious use of colour. Products exhibited were: fresh and canned fruit & vegetables, meats, seafoods, wines, beer, cheeses, cookies, mineral & fruit drinks and confectionery.

BELGIUM

Belgium utilized a Belgian village concept where 101 firms exhibited. Elsewhere, dozens of Belgian firms were also represented. ANUGA '89 was the most important participation in an international trade show to date.

The most important sectors of the Belgian display were meat, dairy products, eggs & poultry, fruits & vegetables and fish products.

Coupled with the Belgium display, a Belgian master-chef held a media conference later and invited around 1,000 German importers of meats and meat products to a reception.

HOLLAND

The Dutch Pavilion had approximately 200 exhibitors represented. Products displayed included a number of new products in the cheese and potato sector.

Dutch canned products as well as ready-made meals, snacks and horticultural products appeared to elicit interest among visitors.

The Netherlands now ranks as the world's third largest agricultural exporter, behind the U.S.A. and France.

SWITZERLAND

The Swiss Pavilion was divided into six sectors: dairy products (including cheese), confectionery, beverages, grain-based products and health foods, canned goods, soups & spices and meat products. Swiss food manufacturers exports 2,000 million Swiss francs annually. Food processing is one of Switzerland's oldest industries. Indeed, some non-Swiss food producers use the term "Swiss" for their products. The range of Swiss food products, marketed globally, continues to grow, and include: non-alcoholic drinks, biscuits, sauces and condiments, and air dried beef, not to mention its cheese and chocolate.

SINGAPORE

The SINGAPORE Pavilion featured 15 firms marketing such products as specialty seafoods, dairy products, instant coffee, mixes, non-alcoholic beverages, edible oils, frozen Chinese food, biscuits, spices, sauces. The SINGAPORE food and beverage industry generates \$135 million (U.S.) annually. SINGAPORE has developed into one of the most important commercial centres in the world. SINGAPORE is a member of the Association of South Asian Nations (ASEAN) which has a population of 284 million people. The World Bank credits the ASEAN region with the highest potential for growth in this century. The Pacific Rim, which takes in markets such as the Western United States, Japan, the PRC & Australia, contains 1.7 billion people.

FINLAND

The Finnish Export Trade Association organized the Finnish national stand with 18 firms which displayed a wide range of top quality products in the agricultural and food sectors. New export produce was displayed including cold smoked sea trout, freezer-dried berries and ready-to-cook meals, Finnish beer and herrings in assorted marinades. Under the motto "fresh from Finland", Finland's presence at ANUGA represented an important part of the Finnish Food Industry's advertising campaign.

One firm featured convenience foods patterned after foods from Britain (British pies), France (Quiche Lorraine), Finnish (Karelian) pies to appeal to broad tastes.

EC MARKET OPPORTUNITIES FOR FOOD PRODUCTS

The European Economic Community (EEC) conducts most of its trade within its boundaries. However, countries outside the Community still have opportunities to sell processed foods to the EEC.

In 1987, EEC member countries purchased U.S. \$7.7 billion worth of processed food items from outside the Community. Canada's share came to U.S. \$208 million, or 2.7% of EEC processed food imports. This share is significant for meat and meat preparations, preserved and frozen fruit and vegetables.

Exports to the EEC were especially important to the Canadian fruit and vegetable industry (mainly canned asparagus, canned corn, frozen blueberries, frozen corn and frozen potato products), the fish products and dairy products industries. Our exports of processed food products accounts for only a small share of total EEC imports. This varies anywhere from 2% for sugar and sugar preparations up to 6.5% for dairy products.

Canada can increase its market share by attaching itself to growth trends in the market, such as increased consumer demand for nutritious and/or convenient high-value-added processed products. Although we must compete with products from the EEC members and their other trading partners, opportunities to expand market share and to service present markets do exist. Growth is occurring and will likely continue into the 1990s in the fast-food sector (beef, poultry and french fries) and within the retail grocery sector for certain products such as vegetables and specialty foods.

The EC is striving to attain the highest quality possible in the food sector. After 1993, companies in the EC will no longer have to be governed by a dozen varying sets of food law regulations. This, of course, also applies to companies wishing to sell goods in the EC. The EC will then be a single market. This will mean savings in time and money. The larger market and the rising standard of living in the EC will offer new, additional sales opportunities especially for high quality and specialty products.

Various talks given during the ANUGA stress that the realization of the single European market as of 1993 will become even closer; the consumer markets will become more uniform and larger, and efforts to win the favour of the consumer will become even more intense.

New opportunities in the EEC exist for Canada. In Britain, markets are developing for items such as aged cheddar cheese, condiments and snack foods, breakfast cereals and packages of dried fruits for baked products and snacking. In West Germany, demand for specialty items such as maple syrup, wild rice, soups, sauces and condiments continues to increase. Changing lifestyles in France have led to changes in consumers' food habits; they now eat more processed products such as canned food and precooked dishes. They buy more pastries, cooked and preserved meats, cheese, confectionery products and non-alcoholic beverages. Their per capita consumption of preserved and frozen fruit and vegetables has also increased.

CANADIAN TRADE WITH WEST GERMANY

YEAR	EXPORTS	IMPORTS	DEFICIT (-) SURPLUS (+)
1979	1368,290	1558,698	- 190,408
1980	1639,577	1455,172	+ 184,405
1981	1285,720	1607,653	+ 321,933
1982	1235,479	1384,161	- 148,682
1983	1149,885	1574,798	- 424,913
1984	1190,929	2174,846	- 983,917
1985	1194,545	2715,656	-1521,111
1986	1263,535	3453,227	-2189,692
1987	1515,196	3534,458	-2019,262
1988	1711,444	3836,808	-2125,364

CANADIAN EXPORTS TO WEST GERMANY
\$ MILLION CDN.

<u>Distribution By Export Categories</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Live Animals	0.5	0.5	1.0
Food, Feed, Beverages & Tobacco	72.9	88.1	103.0
Crude Materials, Inedible	366.9	337.9	329.7
Fabricated Materials Inedible	544.9	757.4	863.8
End Product Inedible	269.4	330.8	393.3
Special Transactions	0.3	0.5	2.4
TOTAL EXPORTS	1.3	1.5	1.7
Source "Statistics Canada"	(\$ billion)		



CANADIAN PARTICIPANTS
ANUGA '89

<u>Company</u>	<u>Products</u>
Aloro Foods Inc. Mississauga Ontario	Frozen pizzas, Pizza-crusts
Atlantic Queen Seafoods Ltd Lachine, Quebec	Fish, Seafood products
Bee Maid Honey Limited Winnipeg, Manitoba	Honey
Canadian Association of Fish Exporters Ottawa, Ontario	Fish, Seafood products
Canadian Food Processors Association International Saint Jean Sur-Richelieu, Quebec	Canned & frozen vegetables & fruits, fresh & canned mushrooms, canned berries, jams, peanut butter
Clearwater Fine Foods Inc. Bedford, N.S.	Frozen seafood
Clic Import Export Inc. Montreal, Quebec	Beans, peas, lentils, corn, wheat, flour, barley, wild rice, bulgur, honey, peanut butter
Clouston Foods Canada Limited, Lachine, Quebec	Fish & Seafood products
Da Vinci Food Products Ltd Montreal, Quebec	Pizza products, smoked meat
Delta Foods International Ltd Brockville, Ontario	Maple syrup products
Divad of Canada Vancouver, B.C.	Sesame crunch
Fisheries Council of British Columbia Vancouver, B.C.	Pacific salmon & Seafood products

Fishery Products International Ltd. St. John's, NFLD	Seafood products
Madelipêche Inc. Saint Laurent, Quebec	Fish & Seafood products
Nature Berry Inc. Laronge, Sask.	Condiments, dried mushrooms, wild rice products
Newfoundland Seafoods, St-John's NFLD	seafood products
Northumberland Seafoods Ltd. Charlottetown, P.E.I.	Frozen lobster, Seafood products
Ocean Fisheries Ltd. Vancouver, B.C.	Wild Pacific salmon
Ontario Beans Producers' Marketing Board London, Ontario	Dry white pea beans
Produits Belle Baie Ltee & Carapro Ltd Caraquet, N.B.	Fish & Seafood products
Produits Erable Bolduc Inc. Saint Victor, Quebec	Maple syrup
Produits Noel Gauzy Ltee Winnipeg, Manitoba	Wild rice, nutmeg, jam, syrup
Rich Products of Canada Limited Fort Erie, Ontario	White topping, icing, filling, coffee whitener
Shady Maple Farms Ltd La Guadeloupe, Quebec	Maple syrup maple sugar
Shoal Lake Wild Rice Ltd Keewatin, Ontario	Wild rice
Socomer Inc. Quebec, Quebec	Fish & Seafood products
Southside Brand Montague, P.E.I.	Lobster products
Wild Blueberry Association of North America Fredericton, N.B.	Frozen wild blueberries, jams & preserves